

## Message Text

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ORIGIN AGRE-00

INFO OCT-01 ARA-10 EUR-12 ISO-00 AID-05 EB-08 IO-13  
USIA-06 COME-00 TRSE-00 OMB-01 (ISO) R

DRAFTED BY AA/FAS C V JEAN  
APPROVED BY EUR/CAN - JHROUSE  
AO/FAS T HUGHES  
ITP/FAS T OYLOE  
AA/FAS J MCDONALD  
AGRIC E R BEVIS

-----056377 191023Z /15

R 181116Z MAR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY OTTAWA  
AMCONSUL CALGARY  
INFO AMEMBASSY MEXICO CITY

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E.O. 11652: N/A

TAGS:EAGR/US/CA

SUBJECT: WHELAN/BERGLAND MEETING

1. MINISTER WHELAN'S FIRST SUBSTANTIVE POINT CONCERNED A RECENT USDA SALE OF NONFAT DRY MILK (NFD) TO MEXICO. US SALE IS ON CONCESSIONAL BASIS FOR USE IN SCHOOL LUNCH AND WELFARE PROGRAMS. CANADIAN CONCERN IS THAT THIS SALE WILL AFFECT AMOUNT OF NFD MEXICO PURCHASES FROM CANADA. WHELAN STATED GOC CONSIDERING A REQUEST TO US FOR COMPENSATION. SECRETARY BERGLAND STATED IT WAS NOT US INTENTION TO DISPLACE CANADIAN SALES AND THAT USDA WOULD FOLLOW UP TO BE CERTAIN THAT US NFD IS USED IN FEEDING PROGRAMS AS SET FORTH IN THE AGREEMENT WITH MEXICO.

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2. SECRETARY BERGLAND ASKED STATUS OF PROPOSED CHICKEN MARKETING AGENCY. MINISTER WHELAN SAID THAT GOC OFFICIALS WOULD SOON BE COMING TO WASHINGTON TO DISCUSS DETAILS OF OPERATION AND IMPORT CONTROLS AND INDICATED THAT THE PROGRAM WOULD SIGNIFICANTLY REDUCE OUR EXPORTS TO CANADA.

3. BEEF. A. MINISTER WHELAN REFERRED TO US TARIFFS ON BEEF AND READ FROM A COMMERCIAL CABLE HE HAD JUST RECEIVED FROM PREMIER LOUGHEED, WHICH RECALLED LOUGHEED/MONDALE DISCUSSIONS RELATING TO ALBERTA'S INTEREST IN TRADE

CONCESSIONS ON PETRO CHEMICALS AND AGRICULTURAL COMMODITIES IN EXCHANGE FOR ADDITIONAL GAS. AGRICULTURAL LIST WAS DETAILED INCLUDING MIL QUOTA INCREASE, REDUCTION OF BOXED BEEF DUTY, LIVESTOCK HEALTH, RAPESEED, ETC.

B. USDA RESPONSE AND ENSUING DISCUSSION CENTERED ON BEEF UNDER 10 AD VAL DUTY TARIFF ITEM 107.6020 AND RAPESEED. USDA OFFICIALS POINTED OUT THAT ANY RELAXATION ON 10 DUTY FOR ITEMS OUTSIDE THE MIL WOULD BE INTERESTED INTERPRETED AS CIRCUMVENTION OF MIL AND THAT CONGRESSIONAL REACTION WOULD BE EXTREMELY NEGATIVE.

WITH RESPECT TO RAPESEED IT WAS NOTED THAT THIS WAS A TECHNICAL ISSUE AND UNDER JURISDICTION OF FDA.

DISCUSSION ALSO INCLUDED CONCERN BY USDA OVER ABSENCE OF GOC AGRICULTURAL OFFERS IN GENEVA. GOC WAS ALSO REMINDED THAT AUSTRALIA WAS PRINCIPAL SUPPLIER OF MEAT UNDER TARIFF CODE 107. WHELAN CONTINUED TO PRESS FOR DUTY REDUCTION. ADM TRANT ASKED IF RELIEF COULD BE REACHED BY ADMINISTRATIVE ACTION TO AVOID AMENDING US LIMITED OFFICIAL USE

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LAW. SECRETARY BERGLAND AGREED THAT THIS WOULD BE EXAMINED. IT WAS ALSO AGREED THAT USDA WOULD CONSULT WITH FDA REGARDING RAPESEED AND PRODUCTS.

4. SOYBEANS. MINISTER WHELAN REFERRED TO DISPARITY IN DUTIES ON SOYBEANS. BERGLAND SAID WE HAD MADE SUBSTANTIAL OFFER OF 60 REDUCTION WHICH WAS MAXIMUM THAT COULD BE MADE UNDER THE LAW. BERGLAND SAID THAT US WOULD BARGAIN WITH CANADA IN GENEVA OVER THIS.

5. FRUITS AND VEGETABLES. WHELAN SAID THE TARIFF BOARD RECOMMENDATIONS WERE ABOUT TO BE TRANSMITTED TO GENEVA BUT GOC WILL HAVE CONSULTATIONS WITH THE US PRIOR TO THIS.

6. RESEARCH. MEETING CONCLUDED ON HARMONIOUS SUBJECT OF USDA/CDA EXCHANGE IN AGRICULTURAL RESEARCH. SEC. BERGLAND ADDED THAT THE UK HAD EXPRESSED INTEREST IN EXPANDING THE US/CANADIAN BILATERAL ARRANGEMENTS INTO A TRIPARTITE ARRANGEMENT.

FOLLOWING LUNCHEON, SECRETARY BERGLAND AND MINISTER WHELAN SIGNED THE LACIE AGREEMENT AS THE OPENING OF A

PRESS CONFERENCE. QUESTIONS FROM PRESS CONCERNED  
PROGRESS IN AN INTERNATIONAL WHEAT AGREEMENT, RESTRICTION  
ON IMPORTS OF CANADIAN SLAUGHTER CATTLE, AND LACIE IN  
THAT ORDER.

WHELAN AND PARTY PROCEEDED TO BELTSVILLE FOR DISCUSSIONS  
ON RESEARCH, PARTICULARLY IN THE AREA OF HUMAN NUTRITION.

NOTE: DEPUTY MIN. LUSSIER, ADM TRANT AND FLEISHMANN AND  
OTHERS MET WITH DEPUTY ASST. SECRETARY SCHUH AND FAS  
OFFICIALS MONDAY AFTERNOON ON SEVERAL ISSUES WHICH WERE  
SUBSEQUENTLY RAISED BY WHELAN ON TUESDAY. THE CANADIAN  
GROUP ALSO MET WITH ASST. SEC. FOREMAN TO DISCUSS USDA'S  
ROLE IN FOOD NUTRITION RESEARCH, SAFETY, LABELING, ETC.  
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## Message Attributes

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